



Egypt seeks debt forgiveness from U.S.

Marketplace, Thursday, April 14, 2011

Fayza Abulnaga, Egypt's minister of planning and international cooperation, discusses her country's economic challenges and what happens if Egypt doesn't get the aid and assistance it needs.

KAI RYSSDAL: It's been two months since protests forced Egyptian President Hosni Mubarak from office. He and his sons are under investigation for corruption and worse. The Egyptian army's in charge -- overseeing the transition to what is expected to be a more democratic government and economy. Fayza Abulnaga is the minister of planning and international cooperation in Egypt. That puts her in charge of all economic assistance coming from outside the country, which includes aid from the United States. She's in Washington this week for meetings at the World Bank. When we spoke this afternoon, I asked her about Egypt's political changes and economic challenges.

FAYZA ABULNAGA: Of course, a revolution is like an earthquake on the economy and it has its aftershocks. Egypt is a country that has a valid economy, but all the components of the national income of Egypt have been severely hit. Tourism, you know, Egypt is probably one of the first touristic destinations of the world. We have lost that in a significant manner to the extent that 70 percent of the permanent contract employees in Egypt lost their jobs, and hence lost their income. But, of course, new foreign direct investment is still not coming in the way that we would like to see.

RYSSDAL: Let me ask you about that foreign direct investment. You met with the U.S. Chamber of Commerce today, you've been meeting with American businesses. What assurances can you offer -- can the Egyptian government offer -- that Egypt is a worthwhile, and more importantly, a safe place for American businesses to invest right now?

ABULNAGA: Well actually those who are already investing in Egypt know why Egypt is a very good place for investment. Because of the location, of course. Because of the fact that it provides a competitive labor force. Because of the fact that it has access to the whole world in terms of maritime roads, in terms of access to the Arab world, and also in terms of access to Africa. Egypt is back to business and is widely open to business.

USD/OES/REGISTRATION UNIT
2011 APR 15 AM 11:56

...and the World Bank and the Western world in general is dealing with Egypt's transformation right now?

ABULNAGA: The events, of course, have resulted in a very huge deficit -- \$12-15 billion. This is a huge amount for Egypt to handle on its own under the present circumstances. Time is of the essence, and during this transitional period what we need is to inject a cash flow into the economy in order to provide and manage the expectations of the population. They want jobs, they want to increase their income, they want to be able to afford decent houses -- all of these are the pillars of our immediate priorities.

RYSSDAL: But is it really that close at hand? I mean, what happens if you don't get the aid and the assistance you say you need?

ABULNAGA: Well, actually, you see this is not about aid. And this a point that I want to make clear because as a matter of fact, what we have asked from our American friends, is to actually work on a debt forgiveness. We owe the United States about \$3.6 billion. But that is not the principal debt owed to the United States. What we owe right now is interest upon interest upon interest. Again, this is not about aid and assistance. This is about mutual strategic interest because if Egypt goes wrong, the whole region goes wrong and that act is not good for the United States.

RYSSDAL: There are though -- as I'm sure you've seen just in the papers the last few days while you've been in this country -- serious discussions happening about the budget and about foreign aid in this country, and about the possibility that we should just get rid of all foreign aid.

ABULNAGA: Yeah. That's why we talked about debt forgiveness because we think that has the least impact on the Treasury. We are fully cognizant of the constraints on the federal budget, but then I always say that I'm sure and I'm confident that the U.S. can actually cut down on spending, but it cannot cut down on its strategic interests.

RYSSDAL: Fayza Abulnaga is the Egyptian minister of planning and international cooperation. Thanks very much.

ABULNAGA: You're welcome. Bye-bye.